

REVENUE DEPARTMENT[701]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 421.14 and 422.68, the Department of Revenue hereby adopts an amendment to Chapter 231, “Exemptions Primarily of Benefit to Consumers,” Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXXIV, No. 23, p. 1491, on May 16, 2012, as **ARC 0119C**.

The subject matter of rule 701—231.4(423) is the definition and taxability of “candy.” An amendment to the rule is adopted to implement the amendment made by the Streamlined Sales Tax Governing Board to the Streamlined Sales and Use Tax Agreement (SSUTA), as required by the SSUTA, adopted under 2011 Iowa Code chapter 423. The Department must make this amendment in order to maintain compliance with the Agreement. Compliance enables the Department to collect upwards of \$13 million a year from remote sellers.

The amendment to rule 701—231.4(423) adds definitions of “preparation,” “bars,” “drops,” “pieces,” “flour,” “other ingredients or flavorings,” “natural or artificial sweeteners,” and “requires refrigeration” as used in rule 701—231.4(423) and provides examples. The amendment clarifies what “candy, candy-coated items and candy products” are under subrule 231.4(2). It also adds a new subrule 231.4(3) that provides guidance on the taxability of a “bundled transaction,” which is a combination of items that are defined as “candy” and items that are defined as “food and food ingredients” and sold for one non-itemized price. The amendment also updates the implementation clause.

This amendment is identical to that published under Notice of Intended Action.

After analysis and review of this rule making, no impact on jobs has been found.

This amendment is intended to implement 2011 Iowa Code section 423.3(57).

This amendment will become effective September 26, 2012, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

EDITOR’S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of this amendment [231.4] is being omitted. This amendment is identical to that published under Notice as **ARC 0119C**, IAB 5/16/12.

[Filed 8/1/12, effective 9/26/12]

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[For replacement pages for IAC, see IAC Supplement 8/22/12.]